

Idaho State Treasurer's Diversified Bond Fund



Credit Quality Ratings Definitions

AAAf The fund's portfolio holdings provide extremely strong protection against losses from credit defaults.

AAf The fund's portfolio holdings provide very strong protection against losses from credit defaults.

Af The fund's portfolio holdings provide strong protection against losses from credit defaults.

BBBf The fund's portfolio holdings provide adequate protection against losses from credit defaults.

BBf The fund's portfolio holdings provide uncertain protection against losses from credit defaults.

Bf The fund's portfolio holdings exhibit vulnerability to losses from credit defaults.

CCCf The fund's portfolio holdings make it extremely vulnerable to losses from credit defaults.

Plus (+) or Minus (-) The ratings from 'AAf' to 'CCCf' may be modified to show relative standing within the major rating categories.

Credit quality ratings, identified by the 'f' subscript, are assigned to bond funds and other actively managed funds that exhibit variable net asset values. These ratings are current assessments of the overall credit quality of a fund's portfolio. The ratings reflect the level of protection against losses from credit defaults and are based on an analysis of the credit quality of the portfolio investments and the likelihood of counterparty defaults.

About the Fund

Fund Rating **AAAf / S2**
Fund Type Variable NAV Government Investment Pool
Investment Adviser Idaho State Treasurer's Office

Portfolio Manager Liza Carberry

Date Rating Assigned May 2007

Fund Highlights

- Created by the Idaho State Treasurer's office as an alternative investment to short-term funds and is a voluntary investment vehicle for Idaho State and public agencies.
- The Pool's duration is managed to 0.75x and no more than 1.25x the Lehman Brothers Intermediate A+ Aggregate Fixed Income Index, the Pool's benchmark.

Management

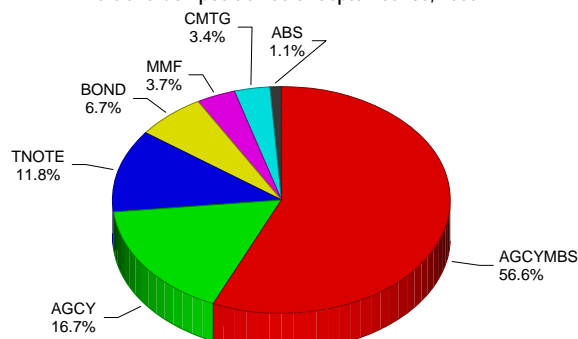
The Idaho State Treasurer's Diversified Bond Fund's investment objective is to provide a total return consistent with a high quality intermediate-term diversified fixed income portfolio. In attempting to achieve this objective, the investment guidelines require that assets be invested in high-quality securities.

The Pool is governed in accordance with sections 67-1210 and 67-1210A of the Idaho Code, and the State Treasurer's Investment Policy which together lay out conservative instructions concerning investment procedures such as diversification, maturities, security selection, repurchase agreements, insurance and reporting. The investment manager for this fund, Capitol Investment Advisors, a division of D.A. Davidson & Co., actively manages the fund. Capitol Investment Advisors currently has more than \$1 billion in consulting and assets under management. The custodian for the Pool is the Bank of New York.

Credit Quality

The Pool's credit quality is excellent. The investment guidelines require that assets be invested in high-quality securities. Typical securities held include U.S. Treasuries and Agencies including Agency CMBs, and highly rated corporate debt obligations and ABS. Because of the high credit quality of the portfolio's assets and eligible

Portfolio Composition as of September 30, 2008



AGCYMBS - Agency Mortgage-Backed Security; AGCY - Agency Fixed Rate; TNOTE - US Treasury Note; BOND - Corporate Securities; MMF - Money Market Fund; CMTG - Commercial Mortgage Backed Security; ABS - Asset-Backed Security

*As assessed by Standard & Poor's

investments, the Pool carries Standard and Poor's highest credit rating of 'AAAf', indicating that the fund's portfolio holdings and counterparties provide extremely strong protection against losses from credit defaults.

Portfolio Assets

The 'S2' volatility rating assigned to the Idaho State Treasurer's Diversified Bond Fund indicates the fund's low to moderate sensitivity to changing market conditions. The fund's duration, currently at approximately three years, is managed to 0.75x and no more than 1.25x the Lehman Brothers Intermediate A+ Aggregate Fixed Income Index, the fund's benchmark. Investment in specific sectors of the fixed income market should be at least 0.5 times and not exceed 1.5 times the Index percentage invested in those sectors. No more than 10% of the portfolio shall be invested in the securities of one issuer. This restriction does not apply to U.S. Treasury or U.S. Agency securities.

To increase incremental income, the Pool can participate in securities lending, typically using the fund's treasury and agency securities. Securities lending is administered by Key Bank.

Standard & Poor's Analyst: Peter Rizzo - (1) 212-438-5059

www.standardandpoors.com

Investors should consider the investment objectives, risks and charges and expenses of the fund before investing. The prospectus which can be obtained from your broker-dealer, contains this and other information about the fund and should be read carefully before investing.

Volatility Ratings Definitions

S1 Low sensitivity to changing market conditions. Within this category of (S-1) certain funds may be designated with a plus sign (+). This indicates the fund's extremely low sensitivity to changing market conditions.

S2 Low to moderate sensitivity to changing market conditions.

S3 Moderate sensitivity to changing market conditions.

S4 Moderate to high sensitivity to changing market conditions.

S5 High sensitivity to changing market conditions.

S6 Highest sensitivity to changing market conditions.

Volatility ratings evaluate the fund's sensitivity to interest rate movements, credit risk, investment diversification or concentration, liquidity, leverage, and other factors.

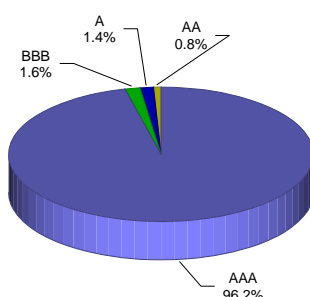
Not all bond funds have volatility ratings

Data Bank as of September 30, 2008

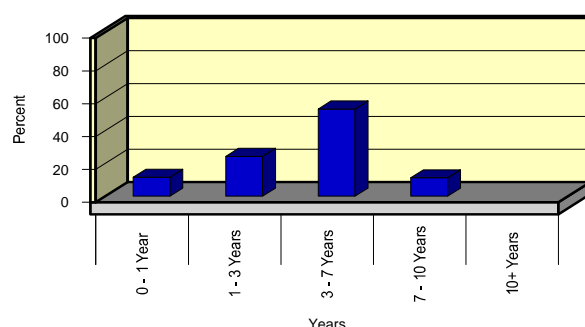
Ticker Symbol..... N/A
NAV..... \$0.98

Net Assets (millions)..... \$388.90
Inception Date..... N/A

Portfolio Credit Quality as of September 30, 2008 *



Portfolio Maturity Distribution as of September 30, 2008



The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, which when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data quoted. Performance data current to the most recent month-end may be available by calling the fund at the phone number listed in the 'About the Fund' section on page 1

Top Ten Holdings as of September 30, 2008

Security	%	Security	%
Fannie Mae Pool 820266	3.64	Fannie Mae Pool 735502	2.25
US Treasury	3.31	Fannie Mae Pool 745418	2.18
FHLMC	3.13	FHLB	2.14
US Treasury	2.68	Fannie Mae Pool 555800	2.12
FHLMC	2.62	Fannie Mae Pool 735685	2.08

The volatility rating for this fund issued by Standard & Poor's can be found in the 'About the Fund' section on page 1. There is no standard method for determining volatility ratings. The rating is current as of the date of this profile report. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same rating or perform in the future as rated. Not all bond mutual funds have volatility ratings and those that do may have paid for them. The fact that a fund has a rating is not an indication that it is more or less risky or volatile than a fund that does not. The fund or a third party participating the marketing of fund shares paid Standard & Poor's for this rating. Standard & Poor's receives no payment for disseminating ratings, except for subscriptions to its publications.

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